

HEALTH CARE ADVISORY BOARD

Meeting Summary October 15, 2003

MEMBERS PRESENT

Marlene Blum, Chairman
Rose Chu, Vice Chairman
Bill Finerfrock, Vice Chairman
John Clark
J. Martin Lebowitz
Susan Randall
Rosanne Rodillosso

GUESTS

Lee Fifer, McGuire Woods
JoAnne Jorgenson, Health Department
Jim Edmonson, CAALF
Jim Scott, Inova Health System
Jane Edmonson, CAALF
Sherry Hoy, McGuire Woods
Bill Harris, CRI
Steve Gurney, Guide to Ret. Living
Peg Hurney, Lewinsville Ret. Residence

STAFF

John Ruthinoski

Robert Gerhing, Commission on Aging
Eileen Dohmann, LTCCC
Gary Fremmerman, Kirby Court HOA
Vera Mellen, CAALF
Jerry Hopkins, CAALF

The meeting was called to order at 7:35 p.m.

Approval of the Minutes

The minutes of the September 8, 2003 HCAB meeting were accepted with the following correction:

- The acronym for Inova Mount Vernon Hospital should be IMVH.

Public Hearing on Chesterbrook Residences Inc.'s Zoning Application (SE 2003-DR-022)

Lee Fifer began by observing that he has been before the HCAB previously and commented on the Board's concern regarding financial accessibility for assisted living facilities. He described the Chesterbrook application as a "great opportunity" and observed that the need for affordable assisted living in Fairfax County is enormous. He also stated that solutions for people in need of this service are few and far between and that the people behind the proposal were very dedicated. He explained the origins of the project, stemming from the decision in late 2000 of the Chesterbrook Presbyterian Church to close. The church was dissolved in 2001 and the church asked to donate five of its nine acres to establish an affordable assisted living facility. The presbytery asked Lewinsville Presbyterian Church to oversee the formation of the Chesterbrook

Affordable Assisted Living Facility Task Force (CAALF) along with Immanuel Presbyterian Church and Temple Rodef Shalom, to explore the feasibility of opening such a facility. CAALF in turn created the nonprofit, non-sectarian organization Chesterbrook Residences, Inc., to be legal owner and manager of the facility when it is completed. He added that CAALF is a "labor of love," which is led by volunteers who mostly live in McLean. He added that 4,000 people are represented by the congregations which make up CAALF.

Bill Harris then spoke about his 39 years working with elderly housing, including CCRCs and independent housing. He noted that he mostly worked with residents with low incomes, having worked at Culpepper Gardens. Bill Harris stated that he didn't understand why the applicant needed to make a presentation to a health board, as he doesn't see the proposed facility as a medical care facility. He described it as a residential facility used to give assistance with activities of daily living. He then went on to describe the advantages of the proposed facility, which included the fact that it is attractive and will blend into the community. He mentioned that most of the units will be full one-bedroom apartments, and added that he does not know of any for-profit facilities that offers such units. He also mentioned that the faith-based sponsors were an advantage, as well as the qualified management being provided by Consolidated Services Management, which also manages Tall Oaks in Reston. He mentioned that the manager of the facility would be a registered nurse, and that staffing would also include LPNs and CNAs. However, he added that he was "troubled" that they needed to get "nursing-types" to provide the care, but added that it was necessary as there are no training programs for the provision of assisted living care.

Bill Harris then responded to some questions which were presented to the applicant prior to the meeting. He stated that the residents will have their own doctors, as "nearly everyone has Medicare." However, a few residents will have Medicaid, which would then pay for all their care. He notes that there would always be on-call physicians, but that the nurses in the facility will not be used to diagnose problems. He then reiterated the need for the facility, noting that in Alexandria, nearly 100 residents needed to go down state for assisted living care while there was only one Auxiliary Grant bed in the whole city. He added that at least 80 residents in Fairfax County had to leave the area for care. He commented that there was a gaping hole in the safety net for the elderly. There is section 8 for independent living and Medicaid beds for nursing homes, but nothing for those needing assisted living. He noted that Fairfax County has been studying these facilities for years, and mentioned the findings of the Adult Care Residence Study Group, the RHA, and the Long Term Care Task Force regarding the need for affordable assisted living.

Jim Edmonson then spoke as a member of the Lewinsville Presbyterian Church and a member of CAALF. He described his background as a real estate developer, specializing in low-income housing facilities. He described the three alternative capital structures proposed for the facility. The first is Virginia Housing Development Authority

9% low income housing tax credits. He explained that the credits are sold to investors to create equity for the project. The balance of the project is financed through debt and “soft” or subordinated debt. He describes another option as the use of 4% low income housing tax credits with tax exempt bonds. He noted that this option was less advantageous, but also less competitive. However, it would raise the “soft” loans/grants requirement by \$1M. The last option described was the use of a HUD Section 232 loan. He noted that this option theoretically permits the applicant to borrow 100% of the costs to be funded through debt, but that in reality it would not cover all the costs. He added that his order of preference for these options is: (1) the 9% tax credits, (2) the HUD 232 loan, and (3) the 4% tax credits. He added all of these proposals benefit by the fact that the church is donating \$3.5 M in free land.

Jim Edmonson then went on to describe how the operating income for the facility would be generated. He noted that 50% of the units and 45% of the residents (Category A) would utilize Section 8 housing vouchers. He added that they are very confident about their availability. He added that CRI has not applied for the vouchers yet, because they are waiting to clear the land use hurdles. However, he added that he has spoken with the Department of Housing and Community Development and that the project seems to meet their requirements for the use of project-based housing vouchers. He added that the County cannot yet tell them that they will get the vouchers, but CRI fully expects to get them. He described Category B as residents with low incomes, but not low enough for Section 8. He described these residents as having incomes in the \$30–35K range, with a total monthly rent of \$2,500/month. He stated that these residents would pay most of their monthly income for housing and services. Category C would be paying the market rate for their facilities. He added that this cost would still be lower than the market rate for other market rate facilities in Northern Virginia. He also noted that in making performance projections, they do not assume that all the units will be constantly occupied. He stated that CRI believes this plan will allow the facility to generate enough income to allow the facility to carry the anticipated debt.

Jim Edmonson reported that he knows that the HCAB is aware of another affordable assisted living partnership, between Inova and Sunrise, which was awarded low income tax credits, but chose not to use them. He added that there is now some concern over the payment for the mixture of housing and services components in that facility. He assured the HCAB that these problems will not befall Chesterbrook, as they plan to have separate housing and service contracts. He added that the financing assumptions will allow each of the residents to contribute a significant portion of their income for the services. However, he added that if the County would pay for the services, it would be the best deal they have going to serve people with low incomes.

Dr. Lebowitz asked for clarification regarding the location of the facility. Lee Fifer used a map and showed that it is located across Westmoreland Street from Longfellow Middle School. John Clark asked what barriers were in place to stop people who were using the outdoor walking paths from wandering off the property. The architect noted

that there were no barriers, but stated that they thought that fencing was a land use issue. Marlene Blum responded that fencing for a facility serving frail elderly was very much a health issue. She then started the public hearing portion of the meeting.

Five people spoke in the public hearing, with four people who work in long term care or health care speaking in favor of the facility and one neighborhood association representative speaking against the facility. Arguments in favor of the facility stressed the need for affordable assisted living, the commitment of the people behind Chesterbrook, and support for the creative partnerships being utilized to make the facility a reality. Arguments against the facility focused on the uncertainty of the facility's financing, both for construction and operation of the facility.

The HCAB then began their questions. John Clark expressed concern over the availability of section 8 housing vouchers. He also asked if the applicant would be participating in the Virginia Department of Social Services' Auxiliary Grant (AG) program. Jim Edmonson responded that most of the residents would have incomes well below what is considered "Very Low Income," which is defined as an income below 50% of the median income for the region (around \$29,000 per year). John Clark asked how many residents would have no income. Jim Edmonson reported that the lowest incomes he could imagine would be around \$6,000, which would be residents who only have SSI. John Clark asked if they had considered applying for the AG. Jim Edmonson responded that they had, but added that he could not imagine serving many of these clients without needing some kind of subsidy. Bill Harris stated that he did not feel that there would be a problem making a commitment to 5% AG-eligible residents. He added that he would be disappointed if they did not serve at least that many residents with incomes that low.

Bill Finerfrock expressed concern regarding what he termed "market creep," in which the facility would need to allow a higher percentage of market rate clients in order to keep the facility afloat. Jim Edmonson responded that the facility will have some conventional mortgage financing and as a result will have to generate some income from the facility. He added that the congregations involved have been incredibly generous. Lewinsville Presbyterian Church has made the Lewinsville retirement residence work. He also said that no one is going to let this operation fail, or let the residents suffer some kind of terrible fate because the facility has to close. He added that they may not end up serving as many low income residents as originally planned due to financial constraints.

Rosanne Rodilosso commented that the description of the facility sounded like an independent apartment, not an assisted living facility. Marlene Blum added that the applicant states that CRI anticipates that Chesterbrook residents will have a high degree of independence. However, she asked what would happen when their care needs worsen. She addressed Mr. Harris and stated that the HCAB has dealt with assisted living facilities for 10 years, adding that the County considers them medical

care facilities for a good reason. She added that most of the facilities that come before the HCAB acknowledge that they are going to be dealing with people with dementia. She asked if Chesterbrook would be assuming that none of its residents would have dementia. Bill Harris responded that they would not be making that assumption. He added that at a later date, they could decide to create an Alzheimer's unit.

Marlene Blum stated that having no perimeter fencing was dangerous in a facility that could have residents in the early stages of dementia. Bill Harris responded that there would be security measures in place to keep these residents in the building. Bill Finerfrock asked Bill Harris why he did not seem concerned about the issue of people with dementia. He responded that they were not planning on there being severely mentally impaired residents in the facility.

Dr. Lebowitz began by stating that he was upset by Bill Harris' presentation. He noted that Mr. Harris seemed hesitant to call the facility a health care institution. He stated that if you are operating a facility for 100 people over 80 years of age, you are operating a health care facility whether you like it or not. He also noted that dementia is unpredictable, and it may not be obvious that a resident is in the early stages. He also observed that even if the residents do have a "high degree of independence" when they first arrive at the facility, they may not be the same three months later. He added that the residents may not require a health plan, but that the facility must be cognizant of the residents' needs. Dr. Lebowitz stated that when you operate a facility of this type, you assume responsibility for the residents, both legally and morally. He also questioned CRI's assumption that they would be able to attract market rate residents. He suggested that such residents might not be interested in being placed in a facility for low-income patients unless they had a strong attachment to the religious institutions sponsoring the facility. Bill Harris responded that he has run institutions for years and that his record is out there. Regarding attracting market rate residents, he reiterated that they did not think this would be a problem because the facility would be very nice.

Marlene Blum then asked John Ruthinoski to present some information on the staffing levels of the previous four ACRS that have been brought before the HCAB. John Ruthinoski reported that three of them were Inova/Sunrise facilities, with a maximum of approximately 112 residents. Two of these facilities had 53 employees with 36 being direct care staff. The third had 52 employees with 49 identified as care givers or managers. The fourth facility was intended for 64 patients with dementia and had 41 FTE on staff, 29 of them direct care staff. By contrast, Chesterbrook, which would also have 112 residents, has a total of 39 staff, only 11 of whom would be LPNs or CRAs. Susan Randall stated that in many residential facilities, other staff (such as housekeepers) know how to assist patients. She added that the HCAB's concern is that the staffing patterns be reasonable for a facility of this type.

Bill Harris responded that the staffing plan was developed by Coordinated Services Management (CSM) as the initial staffing for the time that the facility opens, with $\frac{3}{4}$ hrs.

of care available per resident per day. He added that as the staffing needs of residents go up, the staffing would be increased. He also explained that all staff would be trained in what kinds of things to look for in residents. He commented that there are regulations for staffing to which they would be adhering. Marlene Blum responded that the state's staffing regulations are very minimal, and that their monitoring of these standards is not very thorough. Bill Harris agreed that the state does not monitor assisted living facilities very closely, but reiterated that CSM operates Tall Oaks, which serves as an example of what the company can do.

Marlene Blum expressed concern for the safety of residents, given that each apartment in the facility would have a kitchenette. Bill Harris responded that the kitchenettes would only have a microwave, a little refrigerator, and a sink, but not a stove. Jim Edmonson added that the kitchenette is part of the eligibility rules for Section 8. The units must have the means for the residents to live independently. He added that the facility would be able to disconnect the appliances. Susan Randal commented that she felt that one of the strengths of the proposal was the affiliation with faith-based organizations. She highly recommended that the congregations involved get involved with parish nursing and their health ministry. Vera Mellen responded that she was a member of CAALF representing Temple Rodef Shalom. She indicated that she founded Psychiatric Rehabilitation Services (PRS) and has never worked with a more energetic or committed group of people than CAALF. She echoed Susan Randall's comments about the incredible resources available within the congregations for the facility. She added that CAALF has good contacts with foundations and charities. She also indicated that they are aware that the facility needs volunteers and possibly even an endowment, if it is going to be successful. She explained that they have been told by foundations that they should get all the final approvals first and then submit applications. She also agreed that there is a need for some kind of a walled garden for the protection of the residents.

Bill Finerfrock began by indicating that he was very encouraged by this proposal, but added that the HCAB only has one opportunity to make comments on this proposal. He stated that the applicant's goals and objectives are admirable, but that the HCAB needs to think about what would happen if they were unable to accomplish them. He asked what kind of commitment the HCAB could get to ensure that the applicant would continue serving the same percentage of low income clients. Jerry Hopkins responded that these are some of the same concerns that they have had. He stated that their interest is in serving the low income populations. He added that as long as the congregations which started CAALF remain involved, that will be the facility's mission. Regarding safety and staffing, he stated that CRI is committed to doing this well. Although the numbers right now might not be correct, he added that in addition to approval, they were hoping to get advice from the HCAB. He added that there is no definition of what constitutes adequate staffing, just as there is no definition of assisted living.

Bill Finerfrock noted that some would argue that this project should not be held to the same standard that the HCAB holds other assisted living projects. John Ruthinoski commented that the other affordable assisted living facility to come before the HCAB did not have to make the same commitment. Jerry Hopkins stated that CRI is looking at ½ dozen different programs for potential financing of the facility. He added that HUD does not want to talk to them until the facility has completed the zoning process. Jim Edmonson stated that CRI would make every effort to meet the very specific financial obligations that come with low income tax credits. He added that the facility's investors would discourage them from making commitments to serving a specific number of low income individuals. Bill Finerfrock pointed out that CRI has competing obligations. They have a financial obligation to the investors and a moral obligation to the residents. Dr. Lebowitz pointed out that these obligations are the same for anyone who operates any type of affordable housing.

Marlene Blum stated that she would be willing to accept the commitment that CRI has already made regarding the AG, rather than imposing a condition upon the applicant. She expressed concern about the applicant's repeated mention of the possibility of receiving funding for the operation of the facility from the County. She suggested that this possibility was remote. Regarding medications, she observed that while Medicaid pays for medications, Medicare does not, and many residents with Medicare will not have access to medications. Bill Harris responded that in his 29 years of dealing with the frail elderly, no one has ever gone without medications. He responded that many of the pharmaceutical companies have programs which could be used. He added that the facility would not let anyone go without medications. Marlene Blum then asked if that meant the facility would also subsidize medications.

Rose Chu expressed concern regarding the facility's financial plan. She stated that she did not believe that the facility would be able to charge that much less than other facility's market rates. She added that they would need to adequately compensate employees who will have to travel to McLean. Bill Harris responded that Consolidated Management operates Tall Oaks, which charges much less than Sunrise and still makes money. Rose Chu stated the application indicates that the facility's costs run at \$2,500 per month. Jim Armstrong commented that she needs to remember that unlike other facilities in the area, there is no land cost associated with this facility.

Marlene Blum asked staff if there needed to be a development condition associated with the HCAB's concerns over the lack of perimeter fencing. John Ruthinoski reported that in previous cases where the HCAB has had this concern, a development condition was not requested. Rosanne Rodilosso stated that the area around the facility is wooded and that a teenager recently was lost and found dead in a drainage ditch.

Susan Randall moved that the HCAB recommend approval of the facility. Dr. Lebowitz seconded the motion. Marlene Blum suggested a friendly amendment strongly

recommending that adequate safety and health measures, which are appropriate to a facility caring for the frail elderly, be included, especially some kind of enclosure surrounding the outdoor walking paths. Susan Randall accepted the amendment. Bill Finerfrock moved an amendment to the motion recommending that the applicant commit to maintaining at least 5% residents who are eligible for the AG. Rose Chu seconded the motion. Dr. Lebowitz spoke against the motion. Jim Edmonson stated that the imposition of the commitment would force them to revise their revenue projections downward. The amendment passed by a vote of 4-3. The main motion was then called and passed by a vote of 5-1 with one abstention.

There being no further business, the meeting was adjourned at 10:05 p.m.